



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 7/13/2005

GAIN Report Number: GM5025

Germany

Agricultural Situation

EU Approves German State Aid for Bio Ethanol Plant 2005

Approved by:

Karina Ramos
U.S. Embassy, Berlin

Prepared by:

Sabine M Lieberz

Report Highlights:

The EU Commission approved € 43 million in German national aid to Suedzucker Bioethanol GmbH for the construction of a bio ethanol plant in Zeitz (Saxony-Anhalt, Eastern Germany). Total investment costs amounted to € 185 million. The plant went into production in April 2005 and will supposedly reach full production in October 2005. Production capacity amounts to 260,000 m3 (about 68.7 million gallons) of bio ethanol plus 260,000 MT of protein feedstuff (DDGS) plus 30,000 MWh of electricity.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Berlin [GM1]
[GM]

On June 7, 2005, the European Commission approved € 43 million in German national aid to Suedzucker Bioethanol GmbH for the construction of a bio ethanol plant in Zeitz (Saxony-Anhalt, Eastern Germany). Suedzucker Bioethanol GmbH is a subsidiary of Suedzucker AG, the biggest sugar refining company in the EU. Total investment costs for the bio ethanol plant amounted to € 185 million. According to EU law, state or national aids exceeding the value of € 25 million have to be notified to and be approved by the EU commission.

The bio ethanol plant went into production in April 2005 and is expected to reach its full capacity in October 2005. Production capacity amounts to 260,000 m³ (about 68.7 million gallons) of bio ethanol plus 260,000 MT¹ of protein feedstuff (dried distillers dried grains with solubles, DDGS) plus 30,000 MWh of electricity. While wheat will be the main feedstock, it is also possible to run the plant on sugar/ sugar refining products. However, the use of the latter is currently not considered economical. At full capacity the plant will consume about 700,000 MT of high quality wheat per year.

Suedzucker Bioethanol GmbH offers wheat contracts to farmers. These contracts are eligible for the EU energy premium of € 45 per hectare, provided the wheat is not grown on set-aside land. Suedzucker Bioethanol GmbH has set the following specifications for the wheat:

- High starch level
- Low protein level
- High alcohol productivity
- High thousand seed weight
- High hectoliter weight
- Impeccable plant health status
- Low mycotoxin levels of less than:
 - Deoxynivalenol < 0,5 ppm
 - Zearalenon < 0,05 ppm
 - Ochratoxin < 0,05 ppm

Plant health status and low mycotoxin levels are critical for the use of the by-product DDGS as feed. The DDGS will be marketed under the brand name "ProtiGrain" and will contain about 31 percent protein. 260,000 MT ProtiGrain at 31 % protein could replace about 145,000 MT soybean meal at 55 % protein.

The Suedzucker bio ethanol plant in Zeitz is one of three existing bio ethanol plants in Germany. The other two plants belong to the "Sauter" group and are located in Schwedt (Brandenburg) and Zoerbig (Sachsen-Anhalt). In mid 2005, total bio ethanol production capacity in Germany amounted to 500,000 m³ (about 132,100 gallons).

Related Reports:

Report Number	Title	Date Released
GM4048	Biofuels in Germany - Prospects and limitations	11/22/2004

¹ MT= metric tons